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SMALL BUSINESS ATTITUDES TOWARD THE
MARKETING CONCEPT

by

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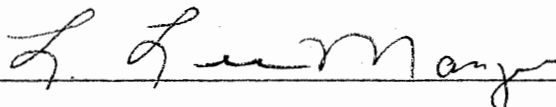
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Scope and Method of Study: The purpose of this study was to develop and administer a questionnaire that would capture the attitudes toward the marketing concept in small business. Chi-square analysis was performed using SPSS to determine significant differences in response based on several demographic variables. The theory of the marketing concept suggests that the firm can gain by focusing on customer satisfaction. Many authors consider this to be even more important for the small business. The opposing point of view concerns the lack of resources available to the small business with which to fully implement the marketing concept. The attitudes of owners and managers of small businesses can provide insight into the workings of the small firm. Small manufacturers are expected to be less customer oriented than small retailers.

Findings and Conclusions: The analysis reveals that no firm consensus can be reached concerning the overall application of the marketing concept. Retailers were found to be more supporting toward the marketing concept than were manufacturers, but often at low levels of significance. Owners were generally found to support the marketing concept more than managers. Larger firms, measured both in sales and number of employees, were more oriented toward the marketing concept. Generally, respondents favored expansion of the marketing concept to include social protection of consumers.

ADVISER'S APPROVAL



SMALL BUSINESS ATTITUDES TOWARD THE
MARKETING CONCEPT

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George M. Lampman

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I. THE RESEARCH PROBLEM

Introduction

The market concept in general has been the subject of much controversy since its conception following World War II. This changed the inward focus of the "product concept" to a market orientated focus on customer satisfaction as a means by which the organization satisfied its goals.

The product concept (15) simply had the company focusing its attention internally on producing products the best way it knew how. In a society characterized by shortages of consumer goods, any product produced could find a near immediate buyer. This focus found wide application during the industrial revolution and for years after in the United States.

Moderating the shift to the development of a consumer orientated philosophy was the "sales concept". As more and more competition developed, it became less automatic that any product produced would gain immediate acceptance. The producer's reaction to this new competition was to develop a more aggressive sales force to cope with increasing levels of finished goods inventories.

The third stage of the process is the "marketing concept". The major shift of emphasis is that the customer is the initial and foremost consideration in the production cycle instead of the last and least. This implies that products are designed and produced for a pre-specified

group of consumers taking their needs and wants into account prior to initiation of the production process.

All three of these concepts are in evidence today, in wide ranging styles of application. The future, as hypothesized by Kotler (13) and others, is the societal marketing concept. In addition to consumer needs being considered, society in general is also considered during product development and thereafter.

The Statement of the Problem

This study is an attempt to examine the marketing concept as it relates to the small business. Primarily, this is a follow-up to a 1971 study by Barksdale and Darden (2). Their study looked at the marketing concept from the perspective of college professors and the managers of the largest manufacturing firms in the United States. There is some evidence to suggest that the small manufacturer and retailer may react quite differently.

To examine this problem, a survey design will be used. This will be composed of a questionnaire modeled after the one used by Barksdale and Darden (2), with some changes to deal with the small business. Since the research is exploratory in nature, we will not hypothesize in advance.

The primary objective will be to describe the attitudes of the small business manager as it relates to the marketing concept.

Scope

The scope of this study is largely defined by the study previously mentioned. In addition, issues of concern specifically to small business,

additional items of interest, and attempts to broaden the marketing concept are addressed. In all cases, however, these relate to the marketing concept.

II. LITERATURE REVIEW

Introduction

The literature available in marketing encompasses a broad spectrum including a wide range of topics. For our purposes, we will examine these, starting with the broadest perspective and working toward a more narrow examination and the test to be made.

As found in a variety of sources (5, 15, 24), no two marketing theorists define marketing's responsibility or terms exactly alike. In the narrowest sense, marketing is considered simply the delivery system for goods and services (15). In the broadest sense, marketing is an integral part of a national or even global resource allocation system (20).

Most authors (15, 11) view marketing as an extension of economics. Marketing applies economic principles by relaxing assumptions to solve marketing problems. In fact, the marketing concept itself has been considered an attempt by students of welfare economics to operationalize a basic philosophy (3).

Through the information gathering process, the firm is looking for a market where it can enjoy a comparative advantage (14). By choosing this market, the firm can serve the customer better (by definition of comparative advantage) thus minimizing potential environmental problems while optimizing on goal satisfaction. While marketing literature abounds with pro-consumerism arguments, few carry this to its logical conclusion. Sweeney (20) suggests, if only in passing, that the consumer

should be expected to show his "gratitude" for this diligent concern for his needs. This completes the economic exchange process. In a competitive capitalistic society, goods will not be produced unless the economic exchange process can occur. The more utility the rational consumer receives, the more he is willing to exchange in the bargain. Thus, the closer the company concentrates on satisfying the consumer, the greater its reward should be.

Concept Elements

In their 1971 article, Barksdale and Darden (2) discuss the marketing concept as developed and applied at General Electric after World War II. The mandate was for consumer wants to be the starting point for all company activities, introduced at the beginning of the production cycle, and integrated with all major business decisions. The two fundamental notions offered are that; (1) the consumer be the focal point of all business activity and (2) profit be specified as evaluation criterion for marketing activities. They go on to say that even in GE's time this idea was not new, but was "generally understood and intuitively practiced" by business firms.

The Barksdale and Darden study examined large firm executive and educator perceptions of the conceptual application of the marketing concept. Their findings added continued support to its conceptual soundness. The problem to be addressed here concerns whether the findings hold when considered within the context of the small business.

Theoretically, many areas exist for economic returns (15, 18, 4, 20). First and probably foremost, is the maximization of return from the customer through the exchange process. This has been suggested in a

private, unpublished study by Peter Bennett (4), where increased "satisfaction" suggested increased market share, ROI, and customer loyalty. Secondly, application of the marketing concept should increase the chance of consumer acceptance, thus eliminating marketing mistakes. Third, efficiencies should result in product planning through reduction of trial and error in the R&D process. Fourth, savings should develop through reduction of environmental problems (government, legal, cultural, consumer protection, image) over the longer term. These savings would be off-set to some degree by increased marketing costs. One study found, however, that as the need for marketing increased, successful new product managers were outspending unsuccessful ones by a factor of 3 to 4 times (8).

The Barksdale and Darden Study

Introduction

The Barksdale and Darden study (2), as published in the Journal of Marketing in 1971, examined the attitudes of executives and educators toward the marketing concept. Since its inception, the marketing concept has been considered the guiding philosophy for marketing thought and practice. The actual application of the concept had not, however, been examined to any great extent. The authors' intent was to develop "an opinion profile of the marketing concept and its contributions" benefiting the firm and consumer.

Methodology

Two groups were used as the population for the Barksdale and Darden study. First, from "Fortune's Directory of the 500 Largest Corporations,"

a sample of corporation presidents and marketing managers was drawn. Second, a group of marketing educators was randomly selected from the membership roster of the American Marketing Association. Two hundred and three executives and 132 educators returned completed questionnaires.

The questionnaire consisted of 29 statements using five-point Likert scales rated strongly agree, agree, uncertain, disagree, and strongly disagree. The two population groups, executives and educators, were used for analysis. These two populations were further broken down to examine differences within them. The executives were compared by the sales volume of the firm, whether consumer or industrial goods were manufactured, and by the title of the respondent. Educators were examined by teaching interest, years of business experience, and educational levels. A Chi-square statistic was used to note significant response differences.

The 29 questions were grouped into four categories for convenience of analysis. These are:

1. Concept Dimensions and Adequacy
2. Influence on Management
3. Consumer Benefits
4. The Marketing Concept and Consumerism

Results

The report of the findings suggests that the marketing concept is both a success and a failure in its application to business.

On the pro side, the marketing concept was found to be a powerful and viable idea that has influenced management philosophy and thought. It has contributed to the improvement of the organization and the

management of marketing activities. Further, consumers have benefited from the focus on their needs by the business organization.

However, problems were found, not so much through an inherent weakness of the concept, but rather the extent of implementation achieved. Measurement problems contributed greatly to this situation. No consensus has been reached concerning a viable means of measuring the extent of the concept's application. This is particularly true concerning the day to day operation of the firm. Respondents generally did not see the concept being directly applied in daily operations. Finally, the dual goals of customer orientation and the profit criterion were found to be in conflict by some respondents.

The Barksdale and Darden study provides the basis for the study undertaken here. The primary concern will be to examine whether the relationships hold when viewed in the context of small retailers and manufacturers. A number of theoretical differences exist that suggest that the results could be significantly changed. In the Small Business Literature section, we shall examine the works of various authors in proposing what these differences are.

Research Need

The Barksdale and Darden study provided much insight into the achievements and failures of the marketing concept in large corporations. Several problems exist, however, in applying their results to the small business.

The methodology in general was aimed at the very large corporation. The executive population consisted only of Fortune 500 firms. Even the marketing educator could be expected to be primarily oriented to the

relative complexities of the large firm. Thus, the study examined a large business population within a large business context. The authors themselves felt compelled to qualify their results with the statement "...at least among larger U.S. business firms." Only one statement in the questionnaire referred explicitly to the small firm.

Statement #2 of the questionnaire reads: "The basic ideas of the marketing concept are equally valid for both large and small business firms." Despite the high positive response, a number of potential problems were raised. Some respondents noted that the small company might be more oriented to the short term. Primarily, it was suggested that the problem of immediate survival would be more severe in the small business, thus overshadowing customer considerations. However, it was also suggested that the small firm (probably because of the lack of market power) might find the marketing concept to be even more important.

It was these and other considerations discussed in the next section that led to the examination of the marketing concept as it applies to small firms.

Small Business Literature

Definition

The small business defies a universally accepted standard for definition. The Small Business Administration provides upper limits that it uses to determine qualification for federal programs. Retail businesses are considered small when sales do not exceed \$1 million or up to \$5 million depending on the structure of the industry. Manufacturing firms are measured in terms of the number of employees. Two hundred fifty is generally the limit,

with some firms considered small with 1500 employees, again depending on industry structure.

Retailers and small manufacturing firms are the focus of this study. A retailer will be defined as a merchant who sells goods to the final customer for personal or family use (not for resale). The manufacturer is one who converts raw materials or partially finished goods into a form desired by another party. These could be partially or completely finished goods for another intermediary or the final consumer.

Strengths and Weaknesses of the Small Business

The small business in the U. S. is not necessarily less efficient than the large. Analysis of some industries reveal that the optimal size firm in terms of efficiency qualify them as a small business (6). The small manufacturer may not need mass economies of scale in production nor mass markets to absorb the production. Either geographical or product specialization considerations may provide small limited markets served by the small firm. These and other characteristics provide several advantages that the small business has over a large one.

First, the small business manager must "wear many hats." In many cases, a one-person management team exists, limiting the time and expertise possible for any one area. Lack of financial or operating leverage, while reducing risk, also reduces profitability. The small firm has limited access to capital markets and pays higher rates on what is available. Additionally, R&D and manpower create special problems for the small business (6).

In the area of marketing, while the number of decisions to be made create some problems, generally the competitive strengths of the small

business have marketing implications. Broom and Longenecker (6) offer three areas for competitive advantages of the small firm.

1. Knowledge of Customers and Markets. The manager of the large company tends to be isolated from the customers and markets. A special effort is required to stay informed of market happenings. The small business manager, by the nature of day-to-day contact, has a better chance to react to changing situations. This, of course, is only a potential strength and the small business manager must be sensitive to these changes and react accordingly.

2. Product and Market Specialization. The small business tends to be a specialist in its products and markets. Again, the closeness with which it works with its customers allows the small business to provide products and services closely fitted to its customer's ideal. The narrower the range of business activity, the greater potential for real expertise.

3. Flexibility in Management. Business in general has noted more rapid changes in the environment, shorter product life cycles, and fickle clientele. The increased flexibility of small businesses allows quick decisions to be made and acted upon. This again, is only a potential strength, realized only if used.

Each of these small business strengths has implications concerning the marketing concept. The whole process of finding and filling a strategic niche involves application of the marketing concept. A number of authors offer support for the theoretical and applicable strength of our previous discussion.

Small Business Marketing Literature

Thayer C. Taylor (21) writes that the NBI (Nothing But Initials) company has profited by finding a product niche overlooked by its larger competitors -- IBM, Xerox, and Burroughs. Its growth is predicted to be seven times faster than the industry as a whole, although the business is based on a single product. To gain a foothold, a particularly difficult industry segment was chosen to fill while deliberately overlooking other potentially bigger opportunities. Thus, the firm enjoys growth, profitability, and a competition-free environment. The managers feel that many small businesses fail because of the inability to market their technological innovations.

Pantos Apostolidis (1) lists a thorough market analysis as the first of his six crucial tasks for success in small business. He considers the ability to detect and react quickly to market shifts to be the first crucial task. Over the long run, the firm is seeking a match between the marketing mix and the needs of its target market.

The information gathered provides input for developing an attractive product(s). This is the second crucial task. The third, is developing an effective sales effort considering the firm's size and capabilities. Number six is avoiding "marketing myopia" by developing and following a master plan.

Only two of the six tasks involved something other than market or marketing considerations. These are (4) achieving financial stability, and (5) developing managerial expertise.

Dillard D. Tinsley (22) notes that small retailers are being increasingly challenged by large retailers trying to act small. Primarily, this concerns the departmental approach, concentrating on providing personal

service. This again raises the issue of the advantages of offering specialized service to a well-defined and understood clientele. To meet this competition, the author suggests that the small retailer must fully exploit the advantages of being small; that is, remaining close enough to the customer and his changing tastes to recognize and analyze shifts early, then be flexible enough to react ahead of the rest, particularly the larger firm.

Mr. Tinsley teams with Danny R. Arnold for an empirical report on small retailers in small towns (23). Here, respondents report marketing to be their most common difficulty (84.4%). The problems involve the whole range of marketing decisions including advertising, inventory control, layout and merchandise display, appearance and target market information. Advertising was the primary problem, suggesting that the small retailer does not understand the customer as well as might be expected from previous reports.

A study by the Small Business Institute (SBI) of 688 firms revealed that accounting and marketing provided the two main problem groups for the small retailer, manufacturer, and wholesaler (12). Generally, the problem was inadequate sales given the cost, or conversely, costs too high for the level of sales. Either way, a gap is noted between the actual behavior of the customer and the expectations of the managers of the firm. Particular problems were noted in sales, pricing, advertising, location and layout. This again suggests the lack of attention to the customer in actual practice when compared to the theoretical extent of concentration.

In a study on minority owned businesses, it is noted that small companies in general are less likely to change with the needs of the

market place (10). One explanation was the lack of resources available for market research in the small business. In the minority-owned small business, the tendency was to rely solely on identification with minority interests rather than the needs or wants of the consumer. The author recommends application of the marketing concept to broaden and better serve the clientele of the small minority-owned firm.

In examining the differences between the small business and large ones, one author (9) even recommends that a separate organizational theory be developed for the small business. While this has little to do with the marketing concept, the study reports on just how fundamental the differences in size really are. Differences are noted in structure, decision-making, power, and communications. Primarily, the author is suggesting that what may be theoretically correct for the larger firm can produce inefficiency in a small one.

Finally, an excellent discussion is provided by Mueller (17) on the wide variation in market power between the large and small firm. The text of this discussion was taken from his presentation to the House Sub-committee on Antitrust, Consumers, and Employment. The "competition" between large and small businesses is compared to tanks vs crossbows. The author states, "The real problem with small business is big monopoly." The outlook presented does not provide a favorable opportunity for small business to prosper and grow because of the power differential. Given this inherent weakness, the marketing concept may be the only chance that a small business has to survive.

Summary

According to the literature, the small business should be expected

to act quite differently from the large organization at times. Just what these differences would and should be is the subject of much debate. On the academic side, the literature would suggest that the small business should be even more oriented to the marketing concept than Barksdale and Darden (2) found in large firms. This is based primarily on the close nature of the relationship between the small business and its customers, and the need to off-set areas of competitive weakness. However, studies of small firms suggest a lack of the managerial resource necessary to properly implement the marketing concept. The study will be an attempt to critically examine these two opposing points of view.

In examining both small retailers and manufacturers, differences between the two can also be anticipated. The high flexibility and customer contact of the retailer would suggest that a strong application of the marketing concept is possible. The manufacturer might be expected to be less customer oriented for a number of reasons. First, the small manufacturer could be a monopolist in a single or very narrow product line, or by a regional dominance. Second, the small manufacturer may be relatively more inwardly focused on cost control and the production process. Third, the small manufacturer may depend on a marketing intermediary to handle interactions with the customer.

It could generally be proposed that the small retailer is expected to show more orientation to the marketing concept than large manufacturers, but the small manufacturer is expected to show less than either.

Each of these relationships are simply speculation at this point. The purpose of this study is to describe what relationships can be found to exist. The next section will deal with how the study will be performed.

III. METHOD AND PROCEDURE

Introduction

The study developed here purports to use primary data from respondents to describe attitudes about the marketing concept. The Barksdale and Darden (2) study provided a source of secondary data in development of the questionnaire. Internal validity is assumed at least to the extent that the instrument developed there does measure attitudes toward the marketing concept. This examination raises the issue of external validity of the previous study when viewed in the context of the small business. Thus, the questionnaire is an adaptation of the original to allow it to be applied meaningfully to the small business.

Survey Research

While a logical step in obtaining information is to simply ask for it, certain conditions must be met to perform satisfactorily survey research. First, it must be decided what specific information is being sought for the expected need. The second requirement is that a survey technique provides the best way to obtain it. This requires that certain characteristics of the universe must be known. Finally, the specific survey technique must be decided on. In this case, the self-administered questionnaire has been determined to be the best approach to use.

The Mail Questionnaire

If, as in this study, the mail questionnaire is to be used, certain conditions are preferred to exist (26).

1. The information can be given easily and accurately in a questionnaire.
2. Persons who can provide the information are willing to do so.
3. Respondents are relatively homogeneous.
4. Reasonably obtainable mailing lists are available.
5. Time and money requirements are not excessive.

Given these conditions, information can be obtained accurately, quickly, and efficiently.

Many advantages exist through the use of a mailed questionnaire. They can be sent to persons scattered over a wide geographic area. Cost is usually not a factor, although reasonable lead time must be allowed. Personal data can be obtained through allowing the respondent to remain anonymous. Biases from interviewers are avoided. While these and many more advantages exist, mail questionnaires are not without their disadvantages.

Perhaps the most pronounced weakness of the mailed questionnaire is response bias. As many as 50 to 90 percent may not be returned. Questions may be misunderstood or incorrectly interpreted. Accurately capturing attitudes may require disguising the true intent of the questions, yet doing so in such a way that accuracy is still obtained. Ethical considerations are also important.

Population/Sample

The population can be defined as all subjects which have the possibility of being chosen for study. As mentioned previously, small

business in the state of Oklahoma is the population of concern; however, further qualification is required. First, only retailers and manufacturers are considered. This eliminates all other forms of business. Second, convenience sampling is being performed. This eliminates all members of the population that are not readily available.

The third qualification concerns the data to be collected. This study is not of an experimental nature and as such, will not be measuring application of the marketing concept. Rather, we shall be collecting an attitude measure provided by the owners and managers of these businesses. The population, then, is the operators of the business and not the business itself. The attitude measure will be expected to provide insights into the operation of the business.

Instrumentation

Once the questionnaire has been decided upon, the important elements to be researched must be determined and listed. At this point, they will probably be in concept form. Developing questions or statements to be evaluated by the respondent requires that the concepts be operationalized into constructs. Generally, the questions should be clear and simple, and contain one thought on which the respondent is to decide. Keeping questions simple also aids in reducing unintentional bias. Clover and Balsley (26) suggest that the wording should be precise, unbiased, unemotional, and uniform in meaning.

Several types of questions can be used. The open question allows the respondent complete freedom of reply. This can be contrasted with the "forced choice", which can be dichotomous or multiple choice. This study

will use "declarative" questions which simply request a reaction to a statement.

No matter how carefully the questionnaire has been constructed, a pretest should be conducted. This alerts the researcher to weaknesses that exist and necessary corrections prior to the actual implementation.

Questionnaire Construction

Some adaptation of the original questionnaire was required due to the change in population. The first step was to eliminate those questions or statements that referred primarily to large manufacturing firms. When possible, these were reworded to contain the same construct, but in a small firm context. Next, an attempt was made to simplify the terminology to assure that a generally less educated group could grasp the significance of the questions. Finally, other questions were added raising issues not found in the original study. Some of these concerned issues specifically related to the small business. Caution was taken to assure that the questions were applicable to both manufacturing and retail establishments. Still other questions were raised that were felt to be omissions in the previous study.

The result consisted of 21 statements using seven-point, Likert-type interval scales rated from "strongly agree" to "strongly disagree." Seven-point scales were chosen over the five-point used in the previous test to possibly increase sensitivity in discriminating between response variations. The level of scaling used is then ordinal, allowing preferences to be examined.

Validation

Although a previously developed questionnaire was used as a pattern

for testing, enough changes were made to warrant pretesting its validity. The questionnaire and the accompanying cover letter were subjected to evaluation three separate times.

1. Expert Judgment
2. Student Panel
3. Sample Pretest

1. Expert Judgment. Seven professors of business at Oklahoma State University were asked to critically evaluate the questionnaire on any basis. Most of the recommendations concerned the style of writing and clarity. The marketing professors as a group commented most often on the wording in the marketing concept definition. Professors from other areas provided more comments on the cover letter, although some concern was expressed over the theoretical soundness of the marketing concept. A list of the participants is presented in Appendix A.

2. Student Panel. Doctor Jim Gentry's Marketing Research class examined the questionnaire as part of the regular class work for the course. Many meaningful comments were made on each part of the questionnaire.

As a result of the evaluations, the cover letter and questionnaire were extensively rewritten. The final version is presented in Appendix B.

3. Sample Pretest. Following the final rewrite, a sample of 28 businesses were randomly selected for pretesting. The breakdown was as follows:

- 7 small retailers from Tulsa, Oklahoma
- 7 small manufacturers from Tulsa, Oklahoma
- 7 small retailers from Ada, Oklahoma
- 7 small manufacturers from Ada, Oklahoma

Of the 28 sent, 7 completed questionnaires (25%) were returned within a three-week time lapse. This established the amount of questionnaires to be sent as 400 to provide 100 returns for analysis. Also, since more retailers responded (71% of returns), the sample would be more heavily drawn from manufacturers to achieve a reasonable balance. No further problem was found in the questionnaire design as a result of this pretest.

Data Collection

The population for the study was drawn from the Chamber of Commerce listings from various areas of Oklahoma, and the Oklahoma Directory of Manufacturers and Products (State of Oklahoma, Oklahoma City, Oklahoma, 1980). For small retailers and manufacturers in large metropolitan areas, a sample was drawn from the greater Tulsa area. This was randomly selected from the listing of the Broken Arrow and the Oil Capital Chambers of Commerce for retailers, and the Oklahoma Directory for manufacturers. The small town retailers sample was drawn from a listing from the Altus and Duncan Chambers of Commerce. The small town manufacturers sample was drawn from the Oklahoma Directory throughout the state. The list was drawn primarily by convenience, but a distribution was established to provide a balance among desired respondents. Note that Tulsa and Oklahoma City were viewed as large metropolitan areas and the rest of Oklahoma was considered small.

Sample

| | <u>Retailers</u> | <u>Manufacturers</u> | <u>Total</u> |
|--------------|------------------|----------------------|--------------|
| Tulsa | 75 | 125 | 200 |
| Altus/Duncan | 75 | | 75 |
| Small Towns | <u> </u> | <u>125</u> | <u>125</u> |
| | 150 | 250 | 400 |

The small town manufacturers were widely disbursed, requiring that many locations be used to provide a large enough population. The high return among retailers in the pilot study required this adjustment in the distribution. The 400 total at a 25% return rate should produce 100 responses. Since one-third of the pretest retailers returned completed questionnaires, 150 sent should produce 50 returns. The balance of 250 manufacturers were expected to provide the other 50 returns.

The questionnaires were addressed and mailed to the individual given in the listings. Primarily, these were owners or managers, although not exclusively.

Analysis of Data

Cross Comparison

The completed questionnaire included five areas for cross comparison and analysis. These were:

1. Number of people employed by the company
2. Annual dollar sales
3. Position of responding person
4. Type of firm
5. Size of metropolitan area

With each question, respondents were given four to five choices. These are shown on the actual questionnaire in Appendix B, except for the metropolitan size measurement. Postmarks were used as a surrogate for this measure.

Statistics

Once coded, the data was analyzed using SPSS (Statistical Program

for the Social Sciences). The chi-square statistic was used for testing the significance of association between any two of the attributes. In this case, that would mean the response to the marketing concept questions with one of the demographic measures.

The chi-square statistic requires a statement of the null hypothesis (H_0) which projects no significant relationship. Significance is shown by rejecting the H_0 at some predetermined alpha level. Here, we will be examining alpha levels up to .10. It must be noted that the interpretation does not allow us to infer that a .01 alpha suggests a stronger relationship than a .10. Rather, the higher level of significance increases the likelihood that a relationship does exist.

In addition to the test of significance, meaningful relationships can be obtained by examination of the chi-square tables and the percentages displayed. Here, an examination will be made of the level of overall acceptance of the marketing concept in addition to response variation.

IV. ANALYSIS OF THE DATA

Introduction

For the purpose of analysis, the 21 marketing concept statements will be taken sequentially as they are listed on the questionnaire shown in Appendix B. These will be examined by the strength of response overall as well as the differential responses from groups with varying demographics. Primarily, the examination will focus on the retail vs manufacturer dimension with those items showing statistical significance being highlighted.

Description of Subjects

Of the 400 questionnaires mailed, 83 usable questionnaires were returned (21%). Due to some omissions, however, not all questions contained 83 responses. The demographic categories were collapsed on the second computer run to improve the analysis. The "number of people employed" was then reduced from four response categories to "below 50" and "above 50." Similar reductions were made in "dollar sales" (high/low), "position of person responding" (owners/managers), and "type of firm" (retailer/manufacturer). Due to aggregate postmarks, some small town manufacturers were mixed into the Tulsa group. As a result, we will run the analysis by postmark; Tulsa against all others.

Analysis of Results

The 21 dimensions of the marketing concept were examined based on the

five demographic dimensions producing 105 cross-tabulation tables in the chi-square analysis. Appendix C is a reproduction of the data based on the retailer/manufacturer dimension. The following discussion will take all dimensions into account, providing the level of significance when the confidence level is .90 or above. Significant responses are summarized in Appendix E.

Question 1

Considering the first question on whether the marketing concept will improve customer service, the response was overwhelmingly positive from both retailers (73.5% positive response) and manufacturers (83.8%). Response was highly favorable over all demographic categories and no statistically significant differences were found.

Question 2

Retailers were found to be significantly ($\alpha = .07$) more positive when asked if the marketing concept is important in making the marketing system more responsive to customer wants. 41.2% were found in the most positive category, compared to 12.9% for manufacturers. Manufacturers were not found to be inclined negatively on the factor (only 9.7% negative response), only less positive.

Question 3

Both groups found the rise of consumerism to be an expanding challenge to those concerned with marketing. Retailers again were heavily represented in the strongest agreement category (47.1% vs 22.6%), but the manufacturers were not significantly different in agreement.

Question 4

In addressing the issue that the rise in consumerism suggests little use of the marketing concept, respondents were quite unsure in their response. Neither retailers nor manufacturers showed any consensus, with responses spread over all categories.

Question 5

Firms generally agreed that the customer would trade with a business that applied the marketing concept over one that does not. The scattering of negative responses, however, suggests that there may be times that this is not true.

Question 6

Firms strongly supported the notion that the customer is willing to pay more for products that closely fit his ideal. This suggests that business managers feel that there is a direct return to the marketing concept. This relationship, while extensively hypothesized, has not found empirical support. This is a major challenge to marketing.

Question 7

Nearly all respondents (88.2% of retailers and 93.6% of manufacturers) felt that focusing on customer satisfaction would produce long-run profitability. Here a significant difference was found between managers of firms with high vs low levels of sales ($\alpha = .04$). The large firms were found to be more in agreement. Owners were also found to significantly differ in response when compared to managers ($\alpha = .015$). Owners were found to be most in agreement. Significant differences were not found between retailers

and manufacturers, however.

Question 8

Significant disagreement occurred over whether the marketing concept had any influence on the day-to-day operation of the firm ($\alpha = .1$). Manufacturers were highly undecided, lumping a majority of responses in the middle categories, and leaving both extremes empty. Retailers were mixed, but were inclined to suggest that day-to-day operations were influenced.

Question 9

Retailers were inclined to feel that the marketing concept offers benefits to the consumers. Manufacturers expressed belief of positive benefits, but not quite so much. Large firms, in terms of sales, were more positive than their smaller counterparts ($\alpha = .09$).

Question 10

Extremely positive reactions were shown as the response to the idea that the marketing concept will encourage the business to handle products that more precisely fit the needs and wants of the consumer. No significantly different responses were found in any of the demographic categories. This suggests that all groups rate the concept strongly on soundness.

Question 11

Reactions were mixed concerning the marketing concept's effect on advertising. Retailers were stronger than manufacturers on the benefits, but not significantly so. This lack of significance was found in most categories, but these also showed quite mixed results. An earlier run did show size in

dollar sales to be significant ($\alpha = .05$).

Question 12

The Kotler (13) question concerning the "societal marketing concept" and the expanded role of marketing received a mixed response. An earlier analysis showed significance between retailers and manufacturers with the retailers favoring expansion ($\alpha = .05$). Later, however, this significance was reduced. Significance was found between firms measured in the number of people ($\alpha = .07$). Firms with less people were more supportive. Size measured in dollar sales was also significant ($\alpha = .02$). Here, smaller firms were more supporting. Significance was found again with owners favoring an expanded marketing concept over managers ($\alpha = .01$).

Question 13

Reactions were generally mixed over whether the marketing concept would help business police itself to avoid further government regulation. Owners were significantly different from managers ($\alpha = .09$). Owners were more in agreement with the idea. One comment suggested that the regulation would simply come from a different area if this one was not available.

Question 14

Retailers were more in agreement with the idea that the marketing concept would aid in protecting the firm from becoming too internally oriented, than were manufacturers. This could represent a fundamental difference in orientation. No significant difference was found in this question, but the next one puts this idea in more operational terms.

Question 15

When asked if cost control were more important than revenue generation, significance at the $\alpha = .01$ level was found when comparing all firms. However, when the data was reduced to just manufacturers and retailers, this significance was confounded and the alpha level reduced to .13. Both groups felt that cost control was more important to profitability. This could suggest that marketing has a way to go in proving its contribution to the bottom line.

Question 16

Generally, retailers and manufacturers agreed that the marketing concept increased management involvement with company profit objectives. Firms with less employees were in higher agreement ($\alpha = .04$).

Question 17

Firms generally felt that the use of the marketing concept would increase the effort devoted to marketing activities. Owners were found to be significantly more in agreement than were managers ($\alpha = .06$).

Question 18

On the issue of whether the marketing concept is more valid for small businesses than large ones, both retailers and manufacturers were extremely mixed. Responses ran the gamut of categories with nearly no differences.

Question 19

Results were again mixed on whether the marketing concept works better in theory than practice. No significant differences were found in any category.

Question 20

Contrary to the Barksdale and Darden (2) study, no conflict was found between customer orientation and profit objectives. Responses were widely scattered over all categories.

Question 21

Respondents felt that the marketing concept does provide benefits to the firm. This was found to be true over all categories with no significant differences in responses.

Further Analysis

Many forms of additional manipulations are possible. One that was undertaken was the elimination of non-respondents. This caused some major changes in the results, although the number of significant findings remains the same at twelve.

Two views are possible on the elimination of non-respondents. The pro-view says that this lumps together all non-respondents regardless of the dimensional category being analyzed. This view would regard the analysis as more "pure" without the non-respondent data. The opposing view holds that eliminating data creates bias in the results. Here, the results without non-respondents will be presented and the reader can use his own judgement.

On the "number of employees" category, one significant response was lost and one remained unchanged. The issue of the societal marketing concept was no longer found to be significant.

The "level of sales" category added three significant questions while losing two for a net gain of one. The losers are:

Question 7: The marketing concept and long-run profitability.

Question 9: Benefits to the customer.

Significance was gained on:

Question 11: Making advertising more informative.

Question 17: Increased effort on marketing activities.

Question 21: Benefits to the firm.

The "societal marketing concept" was left unchanged. Each of the questions gaining in significance had the firm with a higher level of sales more concept oriented.

"Position of respondent" stayed even by losing two and gaining two.

Questions losing significance:

Question 13: Self regulation.

Question 17: Increased effort on marketing activities.

Questions gaining significance:

Question 14: External orientation.

Question 16: Management involvement with profit objectives.

In each case, owners were found to be more oriented to the marketing concept than were managers.

In comparing wholesalers with retailers, three questions gained significance while two lost. The gainers were:

Question 10: Precise fit with customer needs.

Question 11: Making advertising more informative.

Question 12: Societal marketing concept.

Questions losing significance:

Question 2: Responsiveness to customer wants and needs.

Question 8: Influence on day-to-day operations.

Again, the retailers were more oriented to the marketing concept, but over different dimensions. The results are summarized in Appendix D and

will not be presented elsewhere in this report.

Summary

As expected, the retailer was found to support the marketing concept more strongly than manufacturers. The strength of the expected relationship, however, was not found to be significant. All respondents indicated a strong, positive regard for the marketing concept.

Perhaps the biggest surprise was the strong marketing concept orientation of owners when compared to managers. This dimension provides a statistically significant response on four questions, all finding owners more favorable toward the marketing concept.

Of the two size dimensions, "sales" showed significant results to four questions, "number of people employed" was significant on two. Generally, the larger the firm, the more oriented toward the marketing concept it was. Interestingly, only question #12 was significant on both size dimensions. This question also provided the largest number of significant responses, three.

The size of metropolitan area dimension was not found to be significant for any question. This reflects the lack of a clear theoretical relationship and the confounding problem with the postmark measurement.

V. SUMMARY AND CONCLUSIONS

Summary of Findings

Respondents in all categories were found to support the marketing concept overwhelmingly. This suggests that the small businessman does recognize the advantages that the academic community has alluded to for years. Along with this support, differential responses among groups has been detected.

Retailer vs Manufacturer

Although retailers were found to support the marketing concept more often than manufacturers, the expected level of significant differential was not found. Only two questions yielded significant response differences. On question #2, retailers felt that the marketing concept is important in making the marketing system more responsive to customer wants. Manufacturers were less positively inclined.

Question #8 may reflect a primary fundamental difference between retailers and manufacturers. Retailers as a group felt that the marketing concept had an influence on the day-to-day operation of the firm. But then, the day-to-day operation of a retail firm is primarily marketing. Manufacturers, whose day-to-day operations are quite fundamentally different, were far less enthusiastic.

Many other questions hovered just above the required .10 alpha level of significance. Visual inspection of the data also showed noticeable differences even when not significant. An increased sample size would

likely show increased significance.

Owner vs Manager

The high support of the marketing concept shown by owners was the biggest surprise of the study. On question #7, owners were significantly appreciable of the long-run profitability prospects of the marketing concept. Practitioners of finance have alluded to the short-term orientation of the professional manager. This was supposedly justified by the demands of the owners of the firm and the need to show progress in the short-term, despite the conflict with long-range success. The short-term orientation of managers does not appear to be justified by the owners in this study.

For years, some members of the marketing profession have recommended expanding the marketing concept. This includes taking the needs of society in general into account, as well as those of the customer. Here, again, managers were significantly less enthusiastic about the issue than were owners (question #12). Owners may have considered avoiding government regulation as the reason behind their response, since they were also positively inclined toward the benefits of the marketing concept for self-regulation (question #13).

Finally, owners felt that use of the marketing concept would increase the effort devoted to marketing activities (question #17).

If the devotion to the marketing concept can be said to suggest a high level of professional competence, owners strongly outperform professional managers. This is in conflict with the view of the owner as entrepreneur who has to hire business professionals to run his business for him. Perhaps business owners have more going for them than "luck" after all.

Many vs Few Employees

On question #12, those companies with fewer employees were found to support more strongly the marketing concept. This is in conflict with most responses based on size, where the larger the firm, the more oriented toward the marketing concept. No good explanation is available for this unless protection for customers is more meaningful to the business person that works more closely with the customer.

When asked about the marketing concept increasing management involvement with profit objectives, the firm with few customers was bimodal. Either they were strongly agreed or slightly in disagreement.

In all, this dimension provided little insight into the marketing concept.

High vs Low Dollar Sales

Firms with higher levels of sales were generally stronger on the marketing concept. Although causality cannot be determined with our analysis, this finding is consistent with other examinations. Question #7 addresses this issue of the marketing concept and profit, and firms with higher levels of sales were found to be significantly more supporting. These firms also felt that the marketing concept was very beneficial to consumers (question #9).

On the question of the societal marketing concept (question #12), firms with higher level sales were also in favor of expanding the marketing concept. Whether the business with higher sales is more interested in protecting its position, or that higher levels of customer concern leads to more sales, is for future studies to ponder. At this point, the relationship seems to persist regardless of why.

Conclusions

As found in the Barksdale and Darden (2) study, respondents in general supported the marketing concept. Within this general support, however, a number of significant differentials were found.


Across all categories with statistical significance, retailers supported the marketing concept more than did manufacturers. Further, examination of the data suggests that increased sample size would be likely to produce many more significant differentials. In nearly every case, the retailer more strongly supported the marketing concept.

Owners were found to support the marketing concept more than managers in all significant dimensions. This is a curious finding, considering that owners are expected to be less educated in business than are managers, and the marketing concept a more academic idea. The ability of business owners may be a surprise to some in academic circles.

Size, measured number of people, does not appear to be a great indicator for the marketing concept. Size, measured in dollar sales, always seems to increase with the marketing concept's application.

Differences in businesses from various sized metropolitan areas were not found in this study. A small number of manufacturers from outside the Tulsa area were probably included with the Tulsa group, and may have confounded the results. But an examination of the chi-square tables does not indicate any questions even close to significance.

Weaknesses of the Present Study



Increasing the sample size, as mentioned earlier, would likely increase the significance of responses in this study. One of the weaknesses of chi-square analysis is its bias produced by sample size.

Many findings were very close to significance with the smaller sample and quite large variations were detected from examination of the data percentages.

Few written statements from respondents suggests that the questionnaire did not have major shortcomings.

Recommendations for Further Research

Many areas exist for future study on the marketing concept. The one most people in marketing would like to see is a measurement of the return to the marketing concept. Thus far, no one has designed a study to do this. A design that can operationalize the marketing concept and measure its application is needed. Such a study would need a universally accepted group of factors to measure, and at present, this is not available.

Barksdale and Darden (2) found recognized trade-offs between customer orientation and profit objectives. No concensus was found here. The responses here suggest that profit and application of the marketing concept go hand-in-hand. Further study could clarify the issue.

Since business owners appear to be more professional than some have been willing to admit, a study involving professional differentials may now be in order. Measuring the true ability of the individual would be a very difficult task.

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APPENDIX A

Members Providing Expert Judgement

APPENDIX A

Members Providing Expert Judgement

Dr. Stephen J. Miller, Professor, Head of Marketing

Dr. James W. Gentry, Associate Professor of Marketing

Dr. Larry S. Lowe, Visiting Assistant Professor of Marketing

Dr. L. Lee Manzer, Associate Professor of Marketing

Dr. William E. Kilbourne, Assistant Professor of Marketing

Dr. H. Kirk Downey, Associate Professor of Management

Dr. R. Duane Ireland, Assistant Professor of Management

APPENDIX B

Sample Questionnaire

MEMORANDUM

DATE 24 March 1980

APPENDIX B

TO Manager

Dear Sir

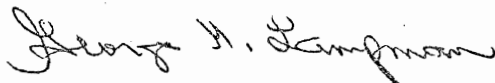
The small business is of great importance to Oklahoma's economy. Little, however, is actually known about how these businesses operate. While small business must deal with many topics, we are currently involved in a study of marketing.

The enclosed questionnaire is being sent to a select sample of Oklahoma companies. Your help is important if this study is to be successful. Would you, as an executive in your company, complete this questionnaire as soon as possible? Return it in the enclosed, self-addressed, stamped envelope. All information will be kept in the strictest confidence. We are interested in total information not your names. Only totals, not firms, will be used.

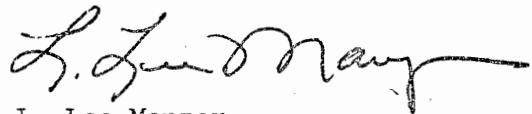
Small business executives like you are the only ones who can provide meaningful insights on Oklahoma businesses. We realize that you have many demands on your time. We appreciate your support of this important research.

Thank you very much for your time and cooperation.

Sincerely



George M. Lampman
Project Director and
Research Associate



L. Lee Manzer
Director of Graduate Studies
in Administrative Sciences

MARKETING CONCEPT QUESTIONNAIRE

A guideline for marketing thought termed the marketing concept was developed after World War II as the operating philosophy of the General Electric Corporation. Since then it has been the subject of much controversy.

The marketing concept consists of three principles:

1. The customer is the most important consideration in the company's success. Thus satisfying the customer is the best way to meet the goals of the firm.
2. Long-term profit should be used to evaluate marketing activities rather than sales volume.
3. This customer orientation should be considered when making decisions in any business area.

We are attempting to evaluate the marketing concept as it relates to the businesses of Oklahoma.

Please answer all of the questions listed below. There are no "right" or "wrong" answers. Additional comments are encouraged and can be made on the opposite side of the page. Circle one response indicating the extent to which you agree or disagree.

AGREEMENT

~~STRONGLY~~ ~~STRONGLY~~
 AGREE DISAGREE

- | | |
|---|--|
| 1. Use of the marketing concept will improve customer service. | <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">1</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">2</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">3</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">4</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">5</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">6</div> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;">7</div> |
| 2. The marketing concept is an important factor in making the marketing system more responsive to customer wants. | 1 2 3 4 5 6 7 |
| 3. The rise of consumerism is an expanding challenge to all concerned with marketing. | 1 2 3 4 5 6 7 |
| 4. The rise of consumerism over the last 20 years suggests little business use of the marketing concept. | 1 2 3 4 5 6 7 |
| 5. Other things equal, the customer will trade with a firm that applies the marketing concept over one that does not. | 1 2 3 4 5 6 7 |
| 6. Products that more closely fit the customer's ideal increases the amount that he is willing to pay. | 1 2 3 4 5 6 7 |
| 7. Focusing on customer satisfaction will likely be more profitable in the long run even if short run profits suffer. | 1 2 3 4 5 6 7 |

| | <u>STRONGLY</u> <u>AGREE</u> | | | | <u>STRONGLY</u> <u>DISAGREE</u> | | |
|---|---------------------------------|---|---|---|------------------------------------|---|---|
| 8. The marketing concept has had little influence on the day to day management of most firms. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. From the standpoint of customers, the marketing concept provides relatively few benefits. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. The marketing concept will encourage businesses to handle products which more precisely fit the needs and wants of the customers. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. Use of the marketing concept will encourage advertising to become more informative to customers. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. The marketing concept should be expanded to include protection of the customer from potentially harmful items. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13. Adherence to the marketing concept is one way that business can "police" itself to avoid further government regulation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14. The marketing concept may serve to protect the firm from becoming too focused on internal operations rather than the needs of the market. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 15. Cost control is more important to profitability than is revenue generation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16. The marketing concept increases management involvement with company profit objectives. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17. Use of the marketing concept will increase the effort devoted to marketing activities. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18. The basic ideas of the marketing concept are more valid for small businesses than large ones. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19. The marketing concept is an idea that works better in theory than in practice. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20. In actual practice, there are frequent conflicts between customer orientation and profit objectives. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 21. Application of the marketing concept is likely to provide few benefits to the business. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

The following will allow us to compare responses based on the differences among the responding firms.

Number of people employed by the company.

1. Less than 10
2. 11 to 50
3. 51 to 100
4. Over 100

Annual dollar sales.

1. Less than \$100,000
2. 100,001 to 200,000
3. 200,001 to 500,000
4. 500,001 to 1,000,000
5. Over 1,000,000

Position of responding person.

1. Owner
2. President
3. Vice President
4. Division Manager
5. Other (specify) _____

Type of firm.

1. Retailer
2. Manufacturer
3. Wholesaler
4. Other (specify) _____

Thank you for taking the time out to complete this questionnaire. Please return the completed questionnaire in the attached self-addressed stamped envelope. Requests for the results of this study will be honored.

APPENDIX C

Statistical Analysis

APPENDIX C

Statistical Analysis

| <u>Respondent</u> | <u>Question</u> | <u>Level of Agreement</u> | | | | | | |
|-------------------|-----------------|---------------------------|------|------|------|------|------|------|
| | | <u>%</u> | | | | | | |
| | | <u>Strongly Agree</u> | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Retailer | 1 | 29.4 | 23.5 | 20.6 | 17.6 | 2.9 | 0 | 5.9 |
| Manufacturer | 1 | 29.0 | 29.0 | 25.8 | 12.9 | 3.2 | 0 | 0 |
| Retailer | 2 | 41.2 | 23.5 | 17.6 | 8.8 | 5.9 | 0 | 2.9 |
| Manufacturer | 2 | 12.9 | 32.3 | 25.8 | 19.4 | 9.7 | 0 | 0 |
| $(\alpha = .07)$ | | | | | | | | |
| Retailer | 3 | 47.1 | 17.6 | 23.5 | 8.8 | 2.9 | 0 | 0 |
| Manufacturer | 3 | 22.6 | 25.8 | 22.6 | 22.6 | 3.2 | 3.2 | 0 |
| Retailer | 4 | 11.8 | 5.9 | 20.6 | 5.9 | 20.6 | 17.6 | 14.7 |
| Manufacturer | 4 | 0 | 3.2 | 16.1 | 19.4 | 25.8 | 16.1 | 19.4 |
| Retailer | 5 | 32.4 | 8.8 | 20.6 | 17.6 | 2.9 | 11.8 | 5.9 |
| Manufacturer | 5 | 29.0 | 19.4 | 16.1 | 12.9 | 9.7 | 6.5 | 6.5 |
| Retailer | 6 | 35.3 | 38.2 | 11.8 | 8.8 | 0 | 0 | 5.9 |
| Manufacturer | 6 | 25.8 | 35.5 | 16.1 | 12.9 | 3.2 | 3.2 | 3.2 |
| Retailer | 7 | 38.2 | 29.4 | 20.6 | 5.9 | 0 | 0 | 5.9 |
| Manufacturer | 7 | 32.3 | 22.6 | 38.7 | 3.2 | 3.2 | 0 | 0 |
| Retailer | 8 | 0 | 11.8 | 14.7 | 20.6 | 29.4 | 8.8 | 5.9 |
| Manufacturer | 8 | 0 | 6.5 | 9.7 | 32.3 | 16.1 | 22.6 | 0 |
| $(\alpha = .1)$ | | | | | | | | |
| Retailer | 9 | 2.9 | 2.9 | 2.9 | 5.9 | 14.7 | 35.3 | 26.5 |
| Manufacturer | 9 | 0 | 0 | 6.5 | 3.2 | 32.3 | 32.3 | 16.1 |
| Retailer | 10 | 29.4 | 35.3 | 14.7 | 8.8 | 0 | 2.9 | 2.9 |
| Manufacturer | 10 | 9.7 | 25.8 | 35.5 | 19.4 | 0 | 0 | 0 |

| <u>Respondent</u> | <u>Question</u> | <u>Level of Agreement</u> | | | | | | |
|-------------------|-----------------|---------------------------|------|------|------|--------------------------|------|------|
| | | <u>%</u> | | | | | | |
| | | <u>Strongly Agree</u> | | | | <u>Strongly Disagree</u> | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Retailer | 11 | 20.6 | 29.4 | 23.5 | 14.7 | 0 | 2.9 | 2.9 |
| Manufacturer | 11 | 6.5 | 16.1 | 38.7 | 16.1 | 12.9 | 0 | 0 |
| Retailer | 12 | 32.4 | 14.7 | 11.8 | 8.8 | 8.8 | 8.8 | 8.8 |
| Manufacturer | 12 | 6.5 | 19.4 | 32.3 | 16.1 | 9.7 | 6.5 | 0 |
| Retailer | 13 | 26.5 | 17.6 | 11.8 | 11.8 | 8.8 | 5.4 | 11.8 |
| Manufacturer | 13 | 12.9 | 3.2 | 16.1 | 32.3 | 12.9 | 3.2 | 9.7 |
| Retailer | 14 | 20.6 | 29.4 | 23.5 | 11.8 | 5.9 | 2.9 | 0 |
| Manufacturer | 14 | 6.5 | 19.4 | 25.8 | 19.4 | 9.7 | 3.2 | 6.5 |
| Retailer | 15 | 35.3 | 11.8 | 11.8 | 8.8 | 14.7 | 11.8 | 0 |
| Manufacturer | 15 | 19.4 | 29.0 | 19.4 | 9.7 | 9.4 | 0 | 0 |
| Retailer | 16 | 14.7 | 20.6 | 20.6 | 26.5 | 2.9 | 5.9 | 0 |
| Manufacturer | 16 | 6.5 | 25.8 | 22.6 | 19.4 | 9.7 | 0 | 3.2 |
| Retailer | 17 | 8.8 | 29.4 | 29.4 | 14.7 | 5.9 | 5.9 | 0 |
| Manufacturer | 17 | 9.7 | 32.3 | 25.8 | 16.1 | 0 | 0 | 3.2 |
| Retailer | 18 | 14.7 | 8.8 | 14.7 | 8.8 | 14.7 | 17.6 | 14.7 |
| Manufacturer | 18 | 6.5 | 12.9 | 19.4 | 9.7 | 12.9 | 9.7 | 19.4 |
| Retailer | 19 | 20.6 | 5.9 | 14.7 | 11.8 | 11.8 | 11.8 | 17.6 |
| Manufacturer | 19 | 3.2 | 9.7 | 16.1 | 9.7 | 19.4 | 22.6 | 9.7 |
| Retailer | 20 | 14.7 | 5.9 | 23.5 | 26.5 | 8.8 | 14.7 | 0 |
| Manufacturer | 20 | 6.5 | 19.4 | 16.1 | 25.8 | 9.7 | 6.5 | 6.5 |
| Retailer | 21 | 5.9 | 5.9 | 2.9 | 8.8 | 17.6 | 35.3 | 17.5 |
| Manufacturer | 21 | 6.5 | 3.2 | 3.2 | 12.9 | 25.8 | 25.8 | 12.9 |

APPENDIX D

Alternative Analysis

APPENDIX D

Alternative Analysis

| <u>Dimension</u> | <u>Question</u> | <u>Significance ($\alpha = .10$)</u> | | <u>Result</u> |
|--------------------------|-----------------|---|---------------------|---------------|
| | | <u>O's Included</u> | <u>O's Excluded</u> | |
| Number of Employees | 12 | .07 | .11 | lost |
| | 16 | .04 | .01 | ---- |
| Level of Sales | 7 | .04 | .16 | lost |
| | 9 | .09 | .20 | lost |
| | 11 | .15 | .03 | gain |
| | 12 | .02 | .09 | ---- |
| | 17 | .29 | .08 | gain |
| | 21 | .30 | .04 | gain |
| Position of Respondent | 7 | .01 | .01 | ---- |
| | 12 | .01 | .01 | ---- |
| | 13 | .09 | .12 | lost |
| | 14 | .15 | .04 | gain |
| | 16 | .16 | .04 | gain |
| | 17 | .06 | .13 | lost |
| Retailer or Manufacturer | 2 | .07 | .15 | lost |
| | 8 | .10 | .24 | lost |
| | 10 | .31 | .09 | gain |
| | 11 | .24 | .09 | gain |
| | 12 | .20 | .05 | gain |

APPENDIX E

Questions With Statistically Significant Response Differentials

Position of Responding Person

| Question | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> |
|----------|----------|----------|----------|----------|----------|----------|----------|
| 7. Owner | 53.1 | 25.0 | 12.5 | 3.1 | 0 | 0 | 6.3 |
| Manager | 22.2 | 27.8 | 44.4 | 5.6 | 0 | 0 | 0 |

($\alpha = .01$)

| | | | | | | | |
|-----------|------|------|------|------|------|-----|-----|
| 12. Owner | 34.4 | 15.6 | 6.3 | 9.4 | 12.5 | 6.3 | 6.3 |
| Manager | 8.8 | 30.6 | 36.1 | 11.1 | 5.6 | 2.8 | 2.8 |

($\alpha = .01$)

| | | | | | | | |
|-----------|------|------|------|------|------|-----|------|
| 13. Owner | 28.1 | 9.4 | 18.9 | 6.3 | 15.6 | 0 | 12.5 |
| Manager | 16.7 | 13.9 | 19.4 | 25.0 | 11.1 | 8.3 | 2.8 |

($\alpha = .09$)

| | | | | | | | |
|-----------|------|------|------|------|-----|-----|---|
| 17. Owner | 12.5 | 40.6 | 15.6 | 12.5 | 6.3 | 3.1 | 0 |
| Manager | 2.8 | 33.3 | 38.9 | 19.4 | 0 | 2.8 | 0 |

($\alpha = .06$)

Type of Firm

| | | | | | | | |
|--------------|------|------|------|------|-----|---|-----|
| 2. Retailer | 41.2 | 23.5 | 17.6 | 8.8 | 5.9 | 0 | 2.9 |
| Manufacturer | 12.9 | 32.3 | 25.8 | 19.4 | 9.7 | 0 | 0 |

($\alpha = .07$)

| | | | | | | | |
|--------------|---|------|------|------|------|------|-----|
| 8. Retailer | 0 | 11.8 | 14.7 | 20.6 | 29.4 | 8.8 | 5.9 |
| Manufacturer | 0 | 6.5 | 9.7 | 32.3 | 16.1 | 22.6 | 0 |

($\alpha = .10$)

APPENDIX F

Additional Comments of Respondents

APPENDIX F

Additional Comments of Respondents

One mark of a good questionnaire is the lack of clarifying comments necessary from respondents. On this basis, ours was a very good questionnaire. Although few, the comments did further understanding of small business attitudes.

Question #5 raised the issue of created need. This could have been expected, but marketers call this "awaking dormant demand."

On the advertising issue, one respondent raised the question of whether informative ads are also successful ads. Given the "get their attention at all costs" attitude of people in advertising, an informative ad might be unique.

In expanding the marketing concept, it was noted that the customer should be the one to decide on the basis of all pertinent information. This raises many implications for business and government.

The question on avoiding government regulation produced the most comments. The remarks concerned weakness in the business relationship with government. The government was called unpredictable, and use of the marketing concept to avoid government regulation was possible only in principle. One comment concerned the need for government to perpetuate itself.

On the issue of the marketing concept and its relationship with marketing activities, one thought was that the effort would be redirected

rather than increased. This probably makes more sense than the question asked.

Other general comments concerned the need for a good product and service to support it. In marketing, these dimensions are often assumed and, therefore, overlooked. In small business, good product and service are doubly important, since these help to overcome other competitive weaknesses.